

Funding Band Methodology

SCDDSN Fiscal Business Process
Training

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The Funding Band System for paying the DSN Boards was initiated in 1998 as a means to uniform payments for services to DSN Boards. Prior to the funding bands, individual rates were negotiated with each DSN Board.

There was a phase in period:
Year 1 - $\frac{2}{3}$ individual provider cost
and $\frac{1}{3}$ statewide cost.
Year 2: $\frac{1}{3}$ provider cost and $\frac{2}{3}$
statewide cost.
Year 3 – Full Implementation.

The funding bands are designed to pay DSN Boards prospectively up front to ensure that cash is available to meet the documented service needs of consumers.

DSN Boards then report the various services provided to DDSN, which in turn bills Medicaid to receive reimbursement for Medicaid eligible consumers. DDSN receives reimbursement from Medicaid approximately 2 months after the prospective payment is made to the DSN Board.

From the original 5 funding bands, residential funding bands were unbundled and new funding bands added as needed such as the Current Band I when the Community Supports Waiver was implemented. In addition, waiver nursing services were removed from Band B and case management was removed from all bands and is now paid separately.

The amounts put into the funding bands in 1998 and again in 2006 when DDSN rebased the funding bands were based on the audited Financial Statements and Medicaid Cost Reports of the DSN Boards.

The funding bands have been adjusted over the years for pay increases, health insurance increases, retirement contribution increases when appropriated by the General Assembly.

DDSN received funding from the General Assembly in 2006 to rebase; that is to take care of increased “other operating” costs. Since then DDSN has in past years and again this year requested new funding in its 2016 budget request for cost of living adjustments.

The Governor included funding for cost of living adjustments in her budget presented to the General Assembly and both the House of Representatives and Senate included funding for it in their respective version of the budget.

Should the funding remain in the Appropriations Act, DDSN will rebase the funding bands. DDSN will utilize the DSN Boards' audited 2014 Financial Statements and Medicaid Cost Reports.

What is in the Funding Bands?

- Residential cost – the average cost of residential supports for each residential setting
 - ❖ DDSN did not put a specific dollar amount in the bands for any particular cost category whether that is personnel, transportation, etc. DDSN took the ‘total’ cost from DSN Boards audited Financial Statements/Medicaid cost reports and put the ‘total’ cost into the funding band. So whatever costs were on the providers books, those costs are in the funding band.

What is in the Funding Bands?

- Day Supports – the average cost of day supports for the number of consumers in each funding band who receive day supports
 - ❖ For example: if 90% of the consumers in a particular residential funding band received day supports, only funding for those consumers was put into the funding band. The theory is that if consumers stay in the residence during the day, the staff costs associated with them staying in the residence are picked up in the residential component.

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- Day Supports – the average cost of day supports for the number of consumers in each funding band who receive day supports
 - ❖ Again, DDSN did not put a specific dollar amount in the bands for any particular cost category whether that is personnel, transportation, etc. DDSN took the ‘total’ cost from DSN Boards audited Financial Statements/Medicaid cost reports and put the ‘total’ cost into the funding band.

What is in the Funding Bands?

➤ Other Waiver Supports:

- The amount of waivers services (such as respite, PCA, prescription drugs, etc.) actually received by consumers based on Medicaid paid claims.